

Vanguard

Investment Principles & Market Outlook

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This is a marketing communication.

This document is directed at professional investors and should not be distributed to, or relied upon by retail investors.

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.





„Why look for the needle in the haystack? Buy the haystack!“

—John C. Bogle

A different sort of investment company

Our values mean we put investors first, always

- The Vanguard Group, Inc.'s ownership structure means that its value system and business model puts investors' interests first and foremost*

Our scale delivers lower costs and transparency

- No surprises: we pay running costs out of our annual management charge (AMC); therefore, we expect that our AMC will be the same as our ongoing charges figures (OCF)

Our expertise helps us get it right

- The Vanguard Group, Inc. has over 40 years' continuous experience managing index portfolios and actively managed funds
- Scale and experience together result in a highly disciplined and robust risk management processes

*Rather than being publicly traded or owned by a small group of individuals, The Vanguard Group, Inc., in the United States is owned by Vanguard's US-domiciled funds and ETFs. Those funds, in turn, are owned by their investors. This unique mutual structure aligns our interests with those of our investors and drives the culture, philosophy and policies throughout the Vanguard organisation worldwide. In Europe Vanguard leverages the scale, experience and resources of our established global business. Vanguard's ownership structure means that our clients don't have to worry that we'll be acquired. The company they invest with today will continue to serve them in the future.

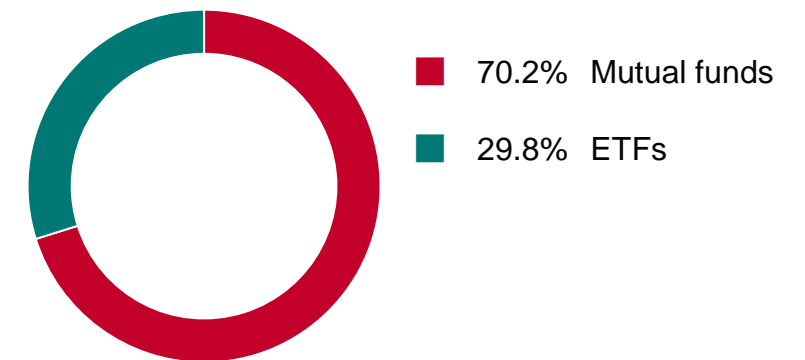
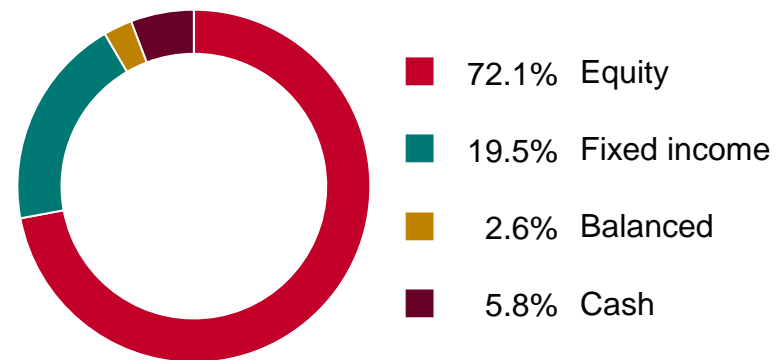
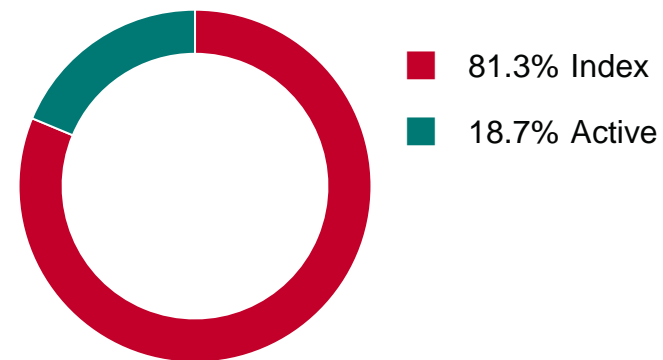
Vanguard



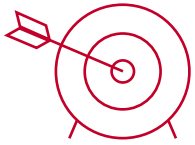
Vanguard vital statistics (in CHF)

Total assets worldwide: CHF 8.2 trillion

- The Vanguard Group was launched in **1975**
- More than **28,600** institutional clients
- **17** global offices with approximately **20,000** employees
- CHF **6,649 billion** under management in index funds
- CHF **1,532 billion** under management in active funds

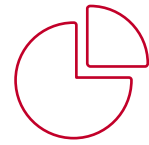


Vanguard's investment principles



Goals

Create clear, appropriate investment goals



Balance

Develop a suitable asset allocation using broadly diversified funds



Cost

Minimise cost



Discipline

Maintain perspective and long-term discipline



Economic & Market Outlook

Key Messages

1

2024 has, so far, been a strong year for investors.
Particularly for risky assets
e.g. stocks, high-yield credit.

Corporate earnings robust,
recession risks low, and
central banks starting to
ease as inflation subsides.

2

The next 12-18 months will not be a smooth ride.
Markets are priced for the
perfect 'soft landing'.

Expect narratives to switch
between recession fears &
inflation worries. **The landing
will be turbulent.**

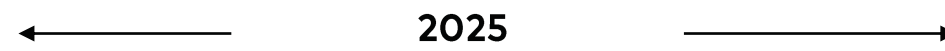
3

A higher interest rate
environment implies a **solid
outlook for both fixed income
and equities.**

But at this juncture risk is not
being well rewarded.
Expectations for A.I. appear
unrealistic in the short term.

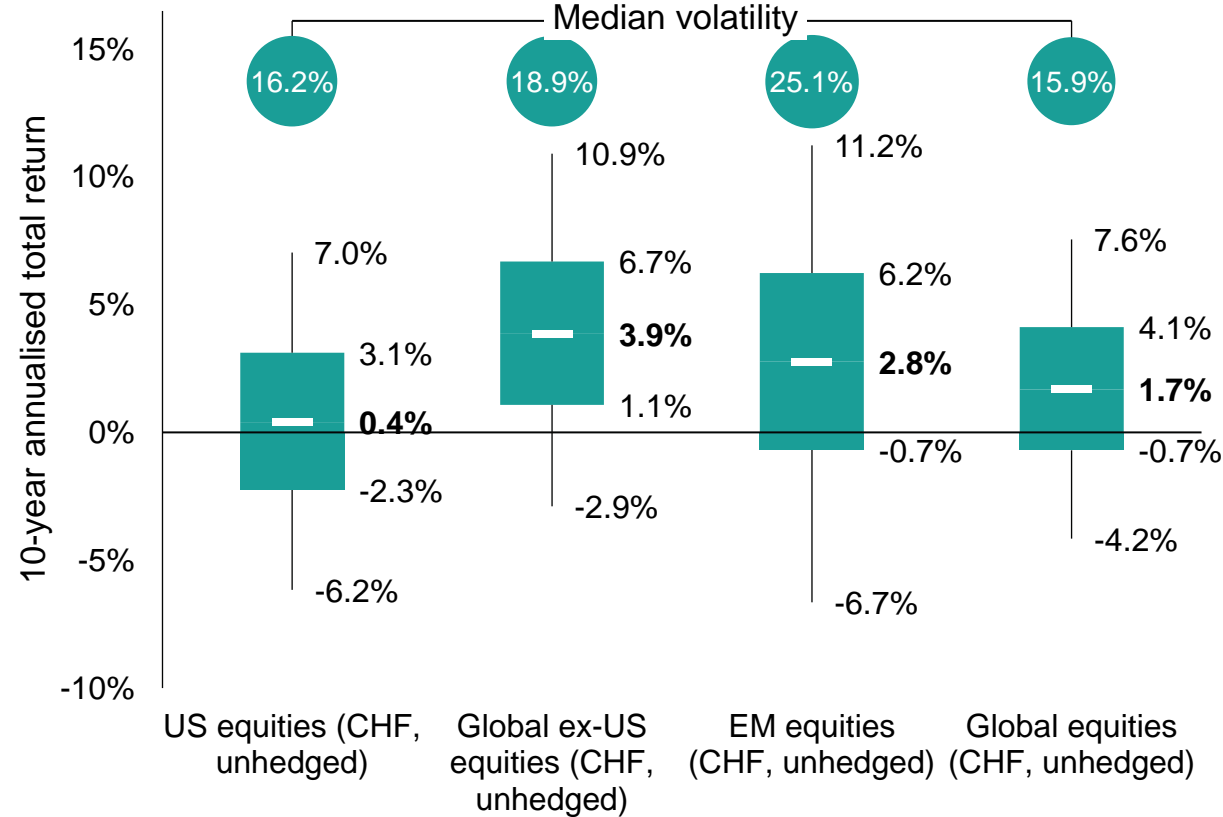
Fed scenarios: 'Turbulent landing' is our base case

Scenarios & Probabilities	Recession 30%	Turbulent landing 50%	Soft landing 20%	AI Boom "not yet"
Growth	<ul style="list-style-type: none"> GDP growth falls to the ~0.5% range, with some quarterly negative prints. 	<ul style="list-style-type: none"> GDP growth remains strong with annual growth in the ~1.8% - 2% range. 	<ul style="list-style-type: none"> GDP growth is supported by supply drivers with prints in the ~2.0% - 3% range. 	<ul style="list-style-type: none"> GDP growth is further supported by supply, in the ~2.5% - 3.5% range.
Inflation	<ul style="list-style-type: none"> Core inflation falls to ~2% driven by demand destruction and weakening economy. 	<ul style="list-style-type: none"> Supply side forces subside causing inflation progress to stall and core inflation to remain above 2.5%. 	<ul style="list-style-type: none"> Core inflation declines to ~2% driven mainly by acyclical forces and supported by supply-side expansion. 	<ul style="list-style-type: none"> Core inflation declines to ~2% driven by supply side productivity support
Unemployment	<ul style="list-style-type: none"> Unemployment rises and peaks >4.5%. Labor market slows down sharply. 	<ul style="list-style-type: none"> Unemployment remains consistently near 4%. Job growth softens settling around monthly trend (~120k). 	<ul style="list-style-type: none"> Unemployment remains consistently below 4%. Job growth remains strong, above monthly trend (~120k). 	<ul style="list-style-type: none"> Unemployment remains consistently below 4%. Job growth remains strong, above monthly trend (~120k).
Policy	<ul style="list-style-type: none"> In 2H'24 Fed transitions to rapid policy easing. 	<ul style="list-style-type: none"> With inadequate progress on inflation mandate, Fed communication turns more hawkish, reintroducing higher for-longer message 	<ul style="list-style-type: none"> With wage and core inflation sustainably on a path to 2% inflation, Fed openly re-focus on dual mandate and begins gradual policy normalization starting 2H'24. 	<ul style="list-style-type: none"> Interest rates remain near 4%.

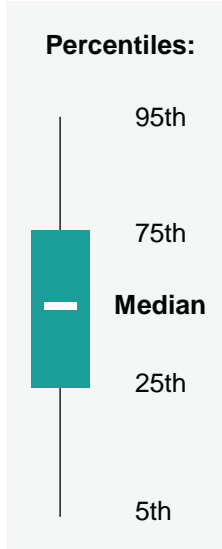
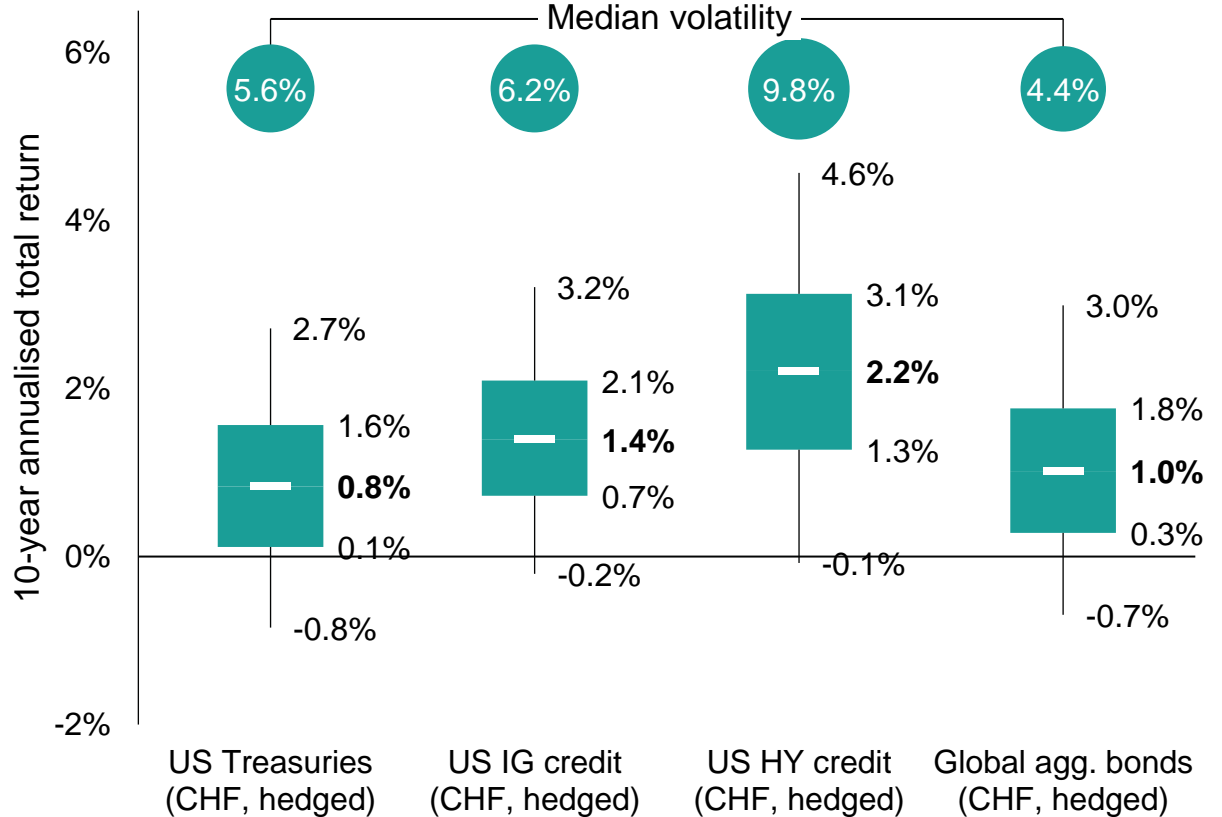


Expected Returns (CHF)

US likely won't outperform non-US equities as in the past



Attractive bond yields lead to a strong outlook



Any projections should be regarded as hypothetical in nature and do not reflect or guarantee future results.

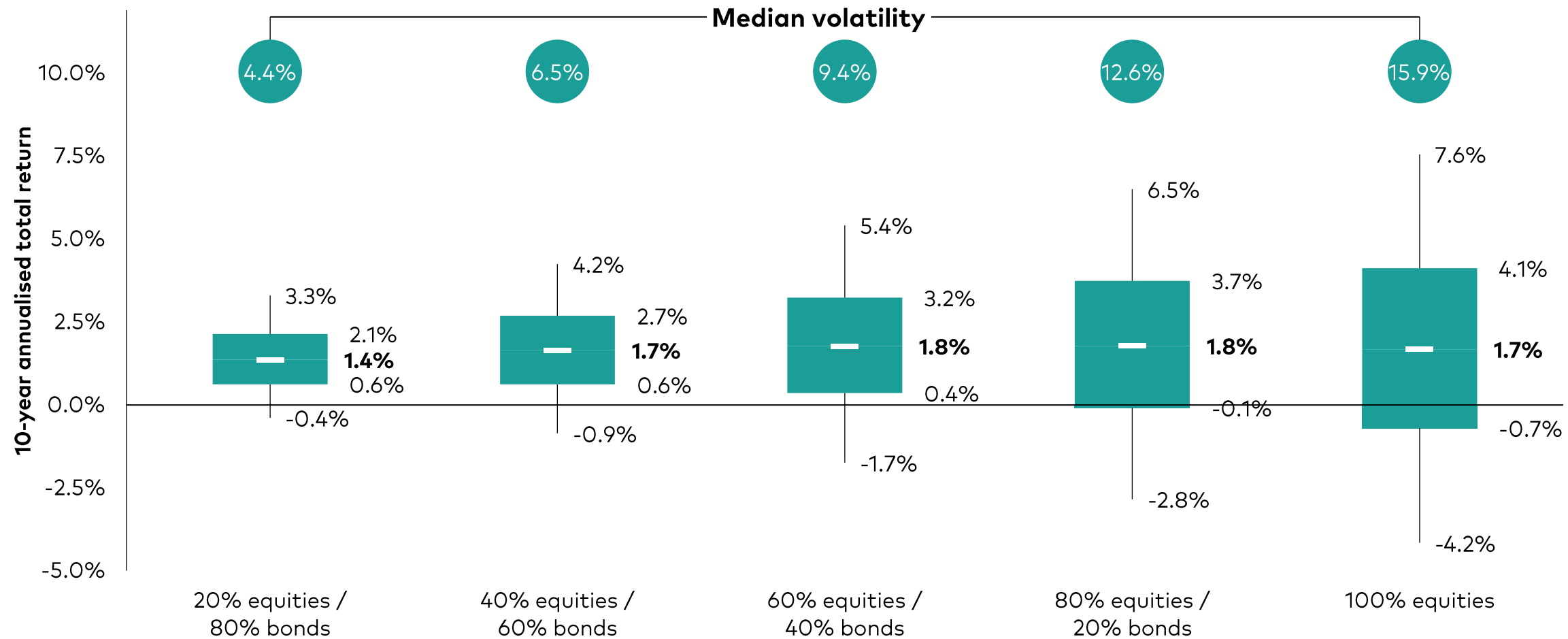
Notes: The forecast corresponds to the distribution of 10,000 VCMM simulations for 10-year annualised nominal returns in CHF for assets highlighted here. Asset-class returns do not take into account management fees and expenses, nor do they reflect the effect of taxes. Returns do reflect the reinvestment of income and capital gains. Indices are unmanaged; therefore, direct investment is not possible. See the Appendix section for further details on asset classes.

Source: Vanguard calculations in CHF, as at 30 June 2024.

IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modelled asset class. Simulations are as at 30 June 2024. Results from the model may vary with each use and over time.

Multi-asset portfolios (CHF)

Relative stock market valuations



Any projections should be regarded as hypothetical in nature and do not reflect or guarantee future results.

Notes: The forecast corresponds to the distribution of 10,000 VCMM simulations for 10-year annualized nominal returns in CHF for multi-asset portfolios highlighted here. Asset-class returns do not take into account management fees and expenses, nor do they reflect the effect of taxes. Returns do reflect the reinvestment of income and capital gains. Indices are unmanaged; therefore, direct investment is not possible. Equities comprise global equities (MSCI AC World Index). Bonds comprise global bonds (Bloomberg Global Aggregate Index Hedged).

Sources: Vanguard calculations, as at 30 June 2024.

IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived 30 June 2024. Results from the model may vary with each use and over time.

Why we exist

To take a stand for all investors, to treat them fairly, and to give them the best chance for investment success.

Investment risk



The value of investments, and the income from them, may fall or rise and investors may get back less than they invested.

Past performance is not a reliable indicator of future results. The performance data does not take account of the commissions and costs incurred in the issue and redemption of shares.

Performance figures shown may be calculated in a currency that differs from the currency of the share class that you are invested in. As a result, returns may decrease or increase due to currency fluctuations.

Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Investments in smaller companies may be more volatile than investments in well-established blue chip companies.

Reference to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only.

ETF shares can be bought or sold only through a broker. Investing in ETFs entails stockbroker commission and a bid- offer spread which should be considered fully before investing.

Funds investing in fixed interest securities carry the risk of default on repayment and erosion of the capital value of your investment and the level of income may fluctuate. Movements in interest rates are likely to affect the capital value of fixed interest securities. Corporate bonds may provide higher yields but as such may carry greater credit risk increasing the risk of default on repayment and erosion of the capital value of your investment. The level of income may fluctuate and movements in interest rates are likely to affect the capital value of bonds.

The Funds may use derivatives in order to reduce risk or cost and/or generate extra income or growth. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Fund's net asset value. A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

For further information on risks please see the "Risk Factors" section of the prospectus on our website at <https://global.vanguard.com>.

Important information



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For further information on the fund's investment policies and risks, please refer to the prospectus of the UCITS and to the KIID (for UK, Channel Islands, Isle of Man investors) and to the KID (for European investors) before making any final investment decisions. The KIID and KID for this fund are available in local languages, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>.

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The Manager of the Ireland domiciled funds may determine to terminate any arrangements made for marketing the shares in one or more jurisdictions in accordance with the UCITS Directive, as may be amended from time-to-time.

The Indicative Net Asset Value ("iNAV") for Vanguard's ETFs is published on Bloomberg or Reuters. Refer to the Portfolio Holdings Policy at <https://fund-docs.vanguard.com/portfolio-holdings-disclosure-policy.pdf>

For investors in Ireland domiciled funds, a summary of investor rights can be obtained via <https://www.ie.vanguard/content/dam/intl/europe/documents/en/vanguard-investors-rights-summary-irish-funds-jan22.pdf> and is available in English, German, French, Spanish, Dutch and Italian.

Important information



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